

EXHIBIT A

IN THE CIRCUIT COURT FOR KNOX COUNTY, TENNESSEE

2015 APR 2 PM 4 11

PEGGY H. PHILLIPS

Plaintiff,

v.

STATE FARM FIRE AND CASUALTY
COMPANY

Defendant,

KNOX COUNTY CIRCUIT, CIVIL
SESSIONS & JUVENILE COURT
CATHERINE SHANKS, CLERK

) Civil Action No. 3-185-15
JURY DEMANDED

COMPLAINT

COMES the Plaintiff, Peggy H. Phillips, by and through counsel, and for her cause of action against the Defendant, State Farm Fire and Casualty Company, would show unto this Honorable Court the following:

1. The Plaintiff is a citizen and resident of Knox County, Tennessee, residing at 5110 Villa Road, Knoxville, Tennessee 37918.
2. The Defendant is a for-profit insurance company engaged in selling property insurance within the State of Tennessee, including Knox County. The Defendant's registered agent for service of process is the Tennessee Department of Commerce and Insurance.
3. The Plaintiff's claim for relief arises from a covered sinkhole loss to her property located at 5110 Villa Road, Knoxville, Tennessee ("Property"). Venue is proper pursuant to T.C.A. § 20-4-103.

FACTS

4. At all times material hereto, Plaintiff has been the owner of the Property.
5. At all times material hereto, the Plaintiff was a party to an insurance contract, policy number 42-EN-1974-1 ("Policy"), whereby the Defendant agreed to insure the structures and personal property located on the Property against property damage. The Plaintiff renewed the insurance contract on the Property for a term from April 27, 2013, to April 27, 2014. A copy of the policy is attached hereto as Exhibit 1.
6. The Plaintiff has had continued insurance coverage through the Defendant since approximately 1978, and the Plaintiff has paid all premiums due thereunder and otherwise met all conditions of coverage thereunder.
7. The Defendant effected homeowners' policy endorsement FE-3530 amending and replacing certain provisions of the Policy, including Section 1 – Losses Insured that concerns losses to property caused by sinkhole collapse. A copy of Endorsement FE-3530 is attached hereto as Exhibit 2.
8. The Policy provides insurance coverage for property damage resulting from sinkhole collapse and such other insurance coverage as specifically set forth in the Policy, the entirety of which is incorporated herein by reference.
9. On or about April 4, 2014, while the Policy was in full force and effect, the Property was damaged as a result of sinkhole activity, a covered peril under the Policy.
10. The Plaintiff promptly gave notice to the Defendant's agent and has complied with all conditions and duties required by the terms of the Policy.
11. The Defendant sent a professional engineer, Rimkus Consulting Group, Inc. ("Rimkus"), to the Property, and Rimkus denied the damage was caused by sinkhole activity,

finding the damage was related to the "decomposition and consolidation of surficial organic materials."

12. The map recorded in the Knox County Property Assessor's Office shows a sinkhole running through the center of the Plaintiff's Property.

13. The Defendant denied coverage for the Plaintiff's claim and then promptly thereafter cancelled the Plaintiff's Policy. The Defendant purportedly cancelled the Plaintiff's coverage because of "[o]verall maintenance and housekeeping concerns as evidenced by but not limited to maintenance: there is damage to the foundation, siding, interior walls, interior door, and garage slab due to the decomposition and consolidation of soil."

14. As it relates to the damage on the Property, no applicable exclusion applies.

15. Despite the fact that the Plaintiff has fulfilled all duties imposed upon her by the Defendant, the Defendant has wrongfully refused to pay and has denied the Plaintiff's claim for insurance proceeds. The Defendant has denied the Plaintiff's claim solely for the purpose of protecting its own financial interest.

16. The Defendant's failure and refusal to pay the Plaintiff the amounts owed to her for the damage is without justification.

17. The Defendant's failure and refusal to pay the money and benefits due and owing to the Plaintiff under the Policy has necessitated that the Plaintiff retain the services of the undersigned counsel and initiate this Complaint to recover the insurance proceeds to which she is entitled.

COUNT I: BREACH OF CONTRACT

18. The Plaintiff adopts and incorporates by reference the allegations contained in paragraphs 1-17 above as though fully set forth herein.

19. The Policy issued by the Defendant was a binding contract and is supported by valid consideration.

20. The Defendant is in total material breach of the Policy and is liable to the Plaintiff in the maximum amount allowed by the Policy.

21. By electing to cover sinkhole loss as set forth in the Policy, the Defendant contractually obligated itself to investigate and resolve sinkhole claims in a matter that is consistent with the provisions of T.C.A. § 56-7-130 but also may and did provide benefits broader than those provided under T.C.A. § 56-7-130.

22. The Defendant has breached the Policy by failing to ensure a proper investigation as defined by the Tennessee Code and the Policy.

23. The Defendant has breached the Policy by failing and refusing to pay all benefits due under the coverage for sinkhole activity afforded in the Policy.

24. Defendant has failed to exercise the skill, care, and knowledge required of a licensed insurance carrier with respect to the investigation and handling of this claim.

25. The Defendant owes the Plaintiff pre-judgment interest, expert fees, court costs, the cost of all structurally necessary repairs, and, if the home is irreparable within applicable coverage limits, an amount equal to such limits for the total constructive loss.

26. The Defendant's breach of contract was intentional, fraudulent, malicious, and/or reckless, therefore justifying an award of punitive damages. *See, e.g., Riad v. Erie Ins. Exch.*, 436 S.W.3d 256, 275-77 (Tenn. Ct. App. 2013), *perm. app. denied* (Mar. 4, 2014). Specifically, the Defendant intentionally, fraudulently, maliciously, and/or recklessly:

- (1) Failed to effectuate a prompt and fair settlement of the Plaintiff's claim when liability was clear;

- (2) Refused and failed to conduct a reasonable and fair investigation concerning the issues surrounding the Plaintiff's claim for insurance proceeds; and
- (3) Unjustly refused and/or failed to pay the Plaintiff's claim for its own financial preservation with no reasonable or justifiable basis.

The Plaintiff seeks, and is entitled to, punitive damages.

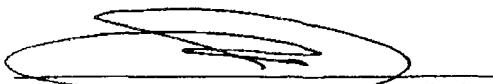
WHEREFORE, as a result of the foregoing, the Plaintiff would respectfully request that this Honorable Court award a judgment to the Plaintiff against the Defendant as follows:

1. For actual damages to the Plaintiff against the Defendant as provided for under the Policy and Tennessee law, not to exceed \$300,000.00;
2. For punitive damages against the Defendant not to exceed \$500,000.00; and
3. For all costs incurred by the Plaintiff as a result of this action, including expert fees and discretionary costs;
4. For attorneys' fees incurred;
5. For pre- and post-judgment interest; and
6. For such other and further general relief as this Court deems just and equitable.

JURY DEMAND

The Plaintiff demands a jury to try the issues presented in this Complaint.

Respectfully submitted this the 2nd day of April, 2015.



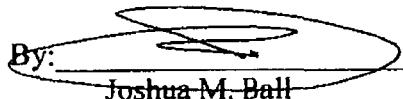
JOSHUA M. BALL (BPR # 020626)
MABERN E. WALL (BPR # 031328)
Attorneys for Plaintiff

Of Counsel:
HODGES, DOUGHTY & CARSON
617 West Main Street
Post Office Box 869
Knoxville, Tennessee 37901-0869
(865) 292-2307

COST BOND

We acknowledge ourselves as surety for all costs in this case in accordance with Tenn. Code Ann. § 20-12-120.

HODGES, DOUGHTY & CARSON

By: 
Joshua M. Ball

KNOX COUNTY CIRCUIT, CIVIL
SESSIONS & JUVENILE COURT
CATHERINE SHANKS, CLERK

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KNOX COUNTY CIRCUIT, CIVIL
SESSIONS & JUVENILE COURT

This policy is one of the broadest forms available today, and provides you with outstanding value for your insurance dollars. However, we want to point out that every policy contains limitations and exclusions. Please read your policy carefully, especially "Losses Not Insured" and all exclusions.

State Farm® Homeowners Policy

FP-7955 KT

EXHIBIT

1

COVER SHEET

This cover sheet provides a convenient summary of the policy provisions.

Your policy, including the endorsements and the attached papers, if any, constitutes a legal contract of insurance between you and us.

READ YOUR POLICY CAREFULLY. This cover sheet provides only a brief outline of some of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth, in detail, the rights and obligations of both you and your insurance company. **IT IS THEREFORE IMPORTANT THAT YOU READ YOUR POLICY.**

INDEX OF MAJOR PROVISIONS

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FP-7955 KT
(4/97)

Printed in U.S.A.

HOMEOWNERS POLICY
DECLARATIONS CONTINUED

We agree to provide the insurance described in this policy:

1. based on your payment of premium for the coverages you chose;
2. based on your compliance with all applicable provisions of this policy; and
3. in reliance on your statements in these **Declarations**.

You agree, by acceptance of this policy, that:

1. you will pay premiums when due and comply with the provisions of the policy;
2. the statements in these **Declarations** are your statements and are true;

DEFINITIONS

"You" and "your" mean the "named insured" shown in the Declarations. Your spouse is included if a resident of your household. "We", "us" and "our" mean the Company shown in the Declarations.

Certain words and phrases are defined as follows:

1. "**bodily injury**" means physical injury, sickness, or disease to a person. This includes required care, loss of services and death resulting therefrom.

Bodily injury does not include:

- a. any of the following which are communicable: disease, bacteria, parasite, virus, or other organism, any of which are transmitted by any insured to any other person;
- b. the exposure to any such disease, bacteria, parasite, virus, or other organism by any insured to any other person; or
- c. emotional distress, mental anguish, humiliation, mental distress, mental injury, or any similar injury unless it arises out of actual physical injury to some person.

3. we insure you on the basis your statements are true; and
4. this policy contains all of the agreements between you and us and any of our agents.

Unless otherwise indicated in the application, you state that during the three years preceding the time of your application for this insurance your Loss History and Insurance History are as follows:

1. **Loss History:** you have not had any losses, insured or not; and
2. **Insurance History:** you have not had any insurer or agency cancel or refuse to issue or renew similar insurance to you or any household member.

2. "**business**" means a trade, profession or occupation. This includes farming.
3. "**Declarations**" means the policy **Declarations**, any amended **Declarations**, the most recent renewal notice or certificate, an Evidence of Insurance form or any endorsement changing any of these.

a. your relatives; and

Under Section II, "Insured" also means:

- c. with respect to animals or watercraft to which this policy applies, the person or organization legally responsible for them. However, the animal or watercraft must be owned by you or a person included in 4.a. or 4.b. A person or organization using or having custody of these animals or watercraft in the course of a **business**, or without permission of the owner, is not an insured; and

1

FP-7955 KT

your statements are true; and
the agreements between you
nts.

the application, you state that
ng the time of your application
History and Insurance History

it had any losses, insured or

ave not had any insurer or
issue or renew similar insur-
old member.

e, profession or occupation.

e policy **Declarations**, any
e most recent renewal notice
e of Insurance form or any
f these.

f residents of your household:

r the age of 21 who is in the
bed above.

also means:

s or watercraft to which this
son or organization legally
owever, the animal or water-
you or a person included in
organization using or having
ls or watercraft in the course
t permission of the owner, is

- d. with respect to any vehicle to which this policy applies, any person while engaged in your employment or the employment of a person included in 4.a. or 4.b.

5. **"insured location"** means:

- a. the **residence premises**;
- b. the part of any other premises, other structures and grounds used by you as a residence. This includes premises, structures and grounds you acquire while this policy is in effect for your use as a residence;
- c. any premises used by you in connection with the premises included in 5.a. or 5.b.;
- d. any part of a premises not owned by an insured but where an insured is temporarily residing;
- e. land owned by or rented to an insured on which a one or two family dwelling is being constructed as a residence for an insured;
- f. individual or family cemetery plots or burial vaults owned by an insured;
- g. any part of a premises occasionally rented to an insured for other than business purposes;
- h. vacant land owned by or rented to an insured. This does not include farm land; and
- i. farm land (without buildings), rented or held for rental to others, but not to exceed a total of 500 acres, regardless of the number of locations.

6. **"motor vehicle"**, when used in Section II of this policy, means:

- a. a motorized land vehicle designed for travel on public roads or subject to motor vehicle registration. A motorized land vehicle in dead storage on an insured location is not a **motor vehicle**;
- b. a trailer or semi-trailer designed for travel on public roads and subject to motor vehicle registration. A boat, camp, home or utility trailer not being towed by

or carried on a vehicle included in 6.a. is not a **motor vehicle**;

- c. a motorized golf cart, snowmobile, motorized bicycle, motorized tricycle, all-terrain vehicle or any other similar type equipment owned by an insured and designed or used for recreational or utility purposes off public roads, while off an insured location. A motorized golf cart while used for golfing purposes is not a **motor vehicle**; and
- d. any vehicle while being towed by or carried on a vehicle included in 6.a., 6.b. or 6.c.

7. **"occurrence"**, when used in Section II of this policy, means an accident, including exposure to conditions, which results in:

- a. **bodily injury**; or
- b. **property damage**;

during the policy period. Repeated or continuous exposure to the same general conditions is considered to be one **occurrence**.

8. **"property damage"** means physical damage to or destruction of tangible property, including loss of use of this property. Theft or conversion of property by any insured is not **property damage**.

9. **"residence employee"** means an employee of an insured who performs duties, including household or domestic services, in connection with the maintenance or use of the **residence premises**. This includes employees who perform similar duties elsewhere for you. This does not include employees while performing duties in connection with the **business of an insured**.

10. **"residence premises"** means:

- a. the one, two, three or four-family dwelling, other structures and grounds; or
- b. that part of any other building;

where you reside and which is shown in the **Declarations**.

Value. Coverage is for a period not exceeding two weeks while use is prohibited.

We do not cover loss or expense due to cancellation of a lease or agreement.

SECTION I - ADDITIONAL COVERAGES

The following Additional Coverages are subject to all the terms, provisions, exclusions and conditions of this policy.

1. Debris Removal. We will pay the reasonable expenses you incur in the removal of debris of covered property damaged by a Loss Insured. This expense is included in the limit applying to the damaged property.

When the amount payable for the property damage plus the debris removal exceeds the limit for the damaged property, an additional 5% of that limit is available for debris removal expense. This additional amount of insurance does not apply to Additional Coverage, item 3. Trees, Shrubs and Other Plants.

We will also pay up to \$500 in the aggregate for each loss to cover the reasonable expenses you incur in the removal of tree debris from the residence premises when the tree has caused a Loss Insured to Coverage A property.

2. Temporary Repairs. If damage is caused by a Loss Insured, we will pay the reasonable and necessary cost you incur for temporary repairs to covered property to protect the property from further immediate damage or loss. This coverage does not increase the limit applying to the property being repaired.

3. Trees, Shrubs and Other Plants. We cover outdoor trees, shrubs, plants or lawns, on the residence premises, for direct loss caused by the following: Fire or lightning, Explosion, Riot or civil commotion, Aircraft, Vehicles (not owned or operated by a resident of the residence premises), Vandalism or malicious mischief or Theft.

The limit for this coverage, including the removal of debris, shall not exceed 5% of the amount shown in the Declarations for COVERAGE A - DWELLING. We will not pay more than \$500 for any one outdoor tree, shrub or plant, including debris removal expense. This coverage may increase the limit otherwise applicable. We do not cover property grown for business purposes.

4. Fire Department Service Charge. We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges. This means charges incurred when the fire department is called to save or protect covered property from a Loss Insured. No deductible applies to this coverage. This coverage may increase the limit otherwise applicable.

5. Property Removed. Covered property, while being removed from a premises endangered by a Loss Insured, is covered for any accidental direct physical loss. This coverage also applies to the property for up to 30 days while removed. We will also pay for reasonable expenses incurred by you for the removal and return of the covered property. This coverage does not increase the limit applying to the property being removed.

6. Credit Card, Bank Fund Transfer Card, Forgery and Counterfeit Money.

a. We will pay up to \$1,000 for:

- (1) the legal obligation of an insured to pay because of the theft or unauthorized use of credit cards and bank fund transfer cards issued to or registered in an insured's name. If an insured has not complied with all terms and conditions under which the cards are issued, we do not cover use by an insured or anyone else;
- (2) loss to an insured caused by forgery or alteration of any check or negotiable instrument; and
- (3) loss to an insured through acceptance in good faith of counterfeit United States or Canadian paper currency.

No deductible applies to this coverage.

We will not pay more than the limit stated above for forgery or alteration committed by any one person. This limit applies when the forgery or alteration involves one or more instruments in the same loss.

b. We do not cover loss arising out of business pursuits or dishonesty of an insured.

c. Defense:

(1) We may make any investigation and settle any claim or suit that we decide is appropriate. Our obligation to defend claims or suits ends when

the amount w liability.

(2) If claim is ma insured for lia Fund Transfe defense. This sel of our cho

(3) We have the c insured or ar for the enforc gery coverage

7. Power Interruption. We will pay up to \$500 for loss caused directly or indirectly which results from a power failure on the residence premises. This coverage must be caused by a power failure on the residence premises. The premises must remain without power for at least 24 hours. This coverage does not increase the limit applying to the property being removed.

8. Refrigerated Products. We will not pay for loss to the contents of covered refrigerated products caused by mechanical failure. If the failure is known to you, all reasonable efforts to protect the property in question before the coverage is void. Power failure is not included:

- a. removal of a plug or fuse;
- b. turning off an electrical switch;

This coverage does not apply to damaged property.

9. Arson Reward. We will pay up to \$1,000 for loss leads to an arson conviction. We will not pay for loss to property covered by this coverage. This limit applies when the forgery or alteration involves one or more instruments in the same loss.

10. Volcanic Action. We will not pay for loss to covered building or contents of covered building resulting from a volcanic action. This coverage does not apply to loss directly and imm

Charge. We will pay up to
med by contract or agreement
This means charges incurred
is called to save or protect
Loss Insured. No deductible
is coverage may increase the

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ndangered by a Loss Insured,
ntal direct physical loss. This
he property for up to 30 days
pay for reasonable expenses
oval and return of the covered
es not increase the limit ap-
removed.

Transfer Card, Forgery and

10 for:

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d's name. If an insured has
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nyone else;

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through acceptance in good
United States or Canadian

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ruments in the same loss.

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ured.

investigation and settle any
e decide is appropriate. Our
t claims or suits ends when

the amount we pay for the loss equals our limit of
liability.

- (2) If claim is made or a suit is brought against an insured for liability under the Credit Card or Bank Fund Transfer Card coverage, we will provide a defense. This defense is at our expense by counsel of our choice.
- (3) We have the option to defend at our expense an insured or an insured's bank against any suit for the enforcement of payment under the Forgery coverage.

7. Power Interruption. We cover accidental direct physical loss caused directly or indirectly by a change of temperature which results from power interruption that takes place on the residence premises. The power interruption must be caused by a Loss Insured occurring on the residence premises. The power lines off the residence premises must remain energized. This coverage does not increase the limit applying to the damaged property.

8. Refrigerated Products. Coverage B is extended to cover the contents of deep freeze or refrigerated units on the residence premises for loss due to power failure or mechanical failure. If mechanical failure or power failure is known to you, all reasonable means must be used to protect the property insured from further damage or this coverage is void. Power failure or mechanical failure shall not include:

- a. removal of a plug from an electrical outlet; or
- b. turning off an electrical switch unless caused by a Loss Insured.

This coverage does not increase the limit applying to the damaged property.

9. Arson Reward. We will pay \$1,000 for information which leads to an arson conviction in connection with a fire loss to property covered by this policy. This coverage may increase the limit otherwise applicable. However, the \$1,000 limit shall not be increased regardless of the number of persons providing information.

10. Volcanic Action. We cover direct physical loss to a covered building or covered property contained in a building resulting from the eruption of a volcano when the loss is directly and immediately caused by:

- a. volcanic blast or airborne shock waves;
- b. ash, dust or particulate matter; or
- c. lava flow.

We will also pay for the removal of that ash, dust or particulate matter which has caused direct physical loss to a covered building or covered property contained in a building.

One or more volcanic eruptions that occur within a 72-hour period shall be considered one volcanic eruption.

This coverage does not increase the limit applying to the damaged property.

11. Collapse. We insure only for direct physical loss to covered property involving the sudden, entire collapse of a building or any part of a building.

Collapse means actually fallen down or fallen into pieces. It does not include settling, cracking, shrinking, bulging, expansion, sagging or bowing.

The collapse must be directly and immediately caused only by one or more of the following:

- a. perils described in SECTION I - LOSSES INSURED, COVERAGE B - PERSONAL PROPERTY. These perils apply to covered building and personal property for loss insured by this Additional Coverage;
- b. hidden decay of a supporting or weight-bearing structural member of the building;
- c. hidden insect or vermin damage to a structural member of the building;
- d. weight of contents, equipment, animals or people;
- e. weight of ice, snow, sleet or rain which collects on a roof; or
- f. use of defective material or methods in the construction (includes remodeling or renovation) of the building, if the collapse occurs during the course of the construction of the building.

Loss to an awning, fence, patio, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under items b., c., d., e. and f. unless the

loss is the direct and immediate cause of the collapse of the building.

This coverage does not increase the limit applying to the damaged property.

12. Locks. We will pay the reasonable expenses you incur to re-key locks on exterior doors of the dwelling located on the **residence premises**, when the keys to those locks are a part of a covered theft loss.

No deductible applies to this coverage.

INFLATION COVERAGE

The limits of liability shown in the **Declarations** for Coverage A, Coverage B and, when applicable, Option ID will be

SECTION I - LOSSES INSURED

COVERAGE A - DWELLING

We insure for accidental direct physical loss to the property described in Coverage A, except as provided in **SECTION I - LOSSES NOT INSURED**.

COVERAGE B - PERSONAL PROPERTY

We insure for accidental direct physical loss to property described in Coverage B caused by the following perils, except as provided in **SECTION I - LOSSES NOT INSURED**:

1. **Fire or lightning.**

2. **Windstorm or hail.** This peril does not include loss to property contained in a building caused by rain, snow, sleet, sand or dust. This limitation does not apply when the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard motors, only while inside a fully enclosed building.

3. **Explosion.**

4. **Riot or civil commotion.**

5. **Aircraft**, including self-propelled missiles and space-craft.

increased at the same rate as the increase in the Inflation Coverage Index shown in the **Declarations**.

To find the limits on a given date:

1. divide the Index on that date by the Index as of the effective date of this Inflation Coverage provision; then
2. multiply the resulting factor by the limits of liability for Coverage A, Coverage B and Option ID separately.

The limits of liability will not be reduced to less than the amounts shown in the **Declarations**.

If during the term of this policy the Coverage A limit of liability is changed at your request, the effective date of this Inflation Coverage provision is changed to coincide with the effective date of such change.

(3) from the personal property of others:
(a) cause damage to a house
(b) of motor vehicles, num. c
(c) of securities, collectibles, evidence, other tangible property, ti
(d) of jewelry and precious metals and

c. loss caused by damage to a dwelling premise
(1) property while rented to, or while an insured is using it. Property of an insured while a

(2) watercraft or equipment a

(3) trailers and cargo carried on a

If the residence is a principal residence, if the principal residence is away from the insured's home for 30 days after the insured's

10. **Falling objects.** This coverage applies to property contained in a building if the wall of the building is damaged by the falling object.

11. **Weight of ice, snow and sleet.** This coverage applies to property contained in a building if the weight of ice, snow and sleet causes damage to the building.

the increase in the Inflation clarifications.

the by the Index as of the Coverage provision; then by the limits of liability for Option ID separately.

reduced to less than the ns.

Coverage A limit of liability effective date of this Inflation coincide with the effective

a vehicle. accidental damage from

s caused by smoke from trial operations.

hief, meaning only willful destruction of property.

and loss of property from able that the property has

precious stone from its

d or by any other person insured location. Prop- an insured is covered once away from home, if a person who is not an

construction or of mate- in the construction until and occupied; or

(3) from the part of a **residence premises** rented to others:

(a) caused by a tenant, members of the tenant's household, or the tenant's employees;

(b) of money, bank notes, bullion, gold, gold- ware, silver, silverware, pewterware, platinum, coins and medals;

(c) of securities, checks, cashier's checks, traveler's checks, money orders and other negotiable instruments, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports, tickets and stamps; or

(d) of jewelry, watches, fur garments and garments trimmed with fur, precious and semi- precious stones;

c. loss caused by theft that occurs away from the **residence premises** of:

(1) property while at any other residence owned, rented to, or occupied by an **insured**, except while an **insured** is temporarily residing there. Property of a student who is an **insured** is covered while at a residence away from home;

(2) watercraft of all types, including their furnishings, equipment and outboard motors; or

(3) trailers and campers designed to be pulled by or carried on a vehicle.

If the **residence premises** is a newly acquired principal residence, property in the immediate past principal residence shall not be considered property away from the **residence premises** for the first 30 days after the inception of this policy.

10. **Falling objects.** This peril does not include loss to property contained in a building unless the roof or an exterior wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. **Weight of ice, snow or sleet** which causes damage to property contained in a building.

12. **Sudden and accidental discharge or overflow** of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or from within a household appliance.

This peril does not include loss:

a. to the system or appliance from which the water or steam escaped;

b. caused by or resulting from freezing;

c. caused by or resulting from water or sewage from outside the **residence premises** plumbing system that enters through sewers or drains, or water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water which is drained from the foundation area; or

d. caused by or resulting from continuous or repeated seepage or leakage of water or steam which occurs over a period of time and results in deterioration, corrosion, rust, mold, or wet or dry rot.

13. **Sudden and accidental tearing asunder, cracking, burning or bulging** of a steam or hot water heating system; an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

This peril does not include loss:

a. caused by or resulting from freezing; or

b. caused by or resulting from continuous or repeated seepage or leakage of water or steam which occurs over a period of time and results in deterioration, corrosion, rust, mold, or wet or dry rot.

14. **Freezing** of a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or of a household appliance.

This peril does not include loss on the **residence premises** while the dwelling is vacant, unoccupied or being constructed, unless you have used reasonable care to:

a. maintain heat in the building; or

b. shut off the water supply and drain the system and appliances of water.

15. **Sudden and accidental damage** to electrical appliances, devices, fixtures and wiring from an increase or decrease of artificially generated electrical current. We will pay up to \$1,000 under this peril for each damaged item described above.

16. **Breakage of glass**, meaning damage to personal property caused by breakage of glass which is a part of a building on the residence premises. There is no coverage for loss or damage to the glass.

n. pressure from or roots.

However, we do insure a. through m. unless th Insured by this Sector

2. We do not insure unde would not have occurr of the following exclu such loss regardless c event; or (b) other caus causes acted concurre excluded event to prot event occurs suddenly widespread damage, forces, or occurs as a n

a. **Ordinance or Law** ordinance or law re or demolition of a b

b. **Earth Movement**, i ing, expanding or combined with wa cludes but is not l mudflow, mudslide, movement resulting selection or any off ment also includes except as specifica DITIONAL COVER.

However, we do in resulting from earth ing fire loss is itself

c. **Water Damage**, me

(1) flood, surface w seiche, overflow any of these, all

(2) water or sewer premises plumb sewers or drains overflows from a well or any othe

1. We do not insure for any loss to the property described in Coverage A which consists of, or is directly and immediately caused by, one or more of the perils listed in items a. through n. below, regardless of whether the loss occurs suddenly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:

a. collapse, except as specifically provided in SECTION I - ADDITIONAL COVERAGES, Collapse;

b. freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This exclusion only applies while the dwelling is vacant, unoccupied or being constructed. This exclusion does not apply if you have used reasonable care to:

(1) maintain heat in the building; or

(2) shut off the water supply and drain the system and appliances of water;

c. freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a swimming pool, hot tub or spa, including their filtration and circulation systems, fence, pavement, patio, foundation, retaining wall, bulkhead, pier, wharf or dock;

d. theft in or to a dwelling under construction, or of materials and supplies for use in the construction, until the dwelling is completed and occupied;

e. vandalism or malicious mischief or breakage of glass and safety glazing materials if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

f. continuous or repeated seepage or leakage of water or steam from a:

(1) heating, air conditioning or automatic fire protective sprinkler system;

(2) household appliance; or

(3) plumbing system, including from, within or around any shower stall, shower bath, tub installation, or other plumbing fixture, including their walls, ceilings or floors;

which occurs over a period of time. If loss to covered property is caused by water or steam not otherwise excluded, we will cover the cost of tearing out and replacing any part of the building necessary to repair the system or appliance. We do not cover loss to the system or appliance from which the water or steam escaped;

g. wear, tear, marring, scratching, deterioration, inherent vice, latent defect or mechanical breakdown;

h. corrosion, electrolysis or rust;

i. mold, fungus or wet or dry rot;

j. contamination;

k. smog, smoke from agricultural smudging or industrial operations;

l. settling, cracking, shrinking, bulging, or expansion of pavements, patios, foundation, walls, floors, roots or ceilings;

m. birds, vermin, rodents, insects, or domestic animals. We do cover the breakage of glass or safety glazing material which is a part of a building, when caused by birds, vermin, rodents, insects or domestic animals; or

ng damage to personal property of glass which is a part of a premises. There is no coverage.

seepage or leakage of water

ning or automatic fire protection;

; or

including from, within or stall, shower bath, tub installing fixture, including their ors;

riod of time. If loss to covered water or steam not otherwise r the cost of tearing out and a building necessary to repair . We do not cover loss to the om which the water or steam

atching, deterioration, inher- r mechanical breakdown;

or rust;

dry rot;

ultural smudging or industrial

king, bulging, or expansion of idation, walls, floors, roofs or

insects, or domestic animals. age of glass or safety glazing t of a building, when caused its, insects or domestic ani-

- n. pressure from or presence of tree, shrub or plant roots.

However, we do insure for any resulting loss from items a. through m. unless the resulting loss is itself a Loss Not Insured by this Section.

2. We do not insure under any coverage for any loss which would not have occurred in the absence of one or more of the following excluded events. We do not insure for such loss regardless of: (a) the cause of the excluded event; or (b) other causes of the loss; or (c) whether other causes acted concurrently or in any sequence with the excluded event to produce the loss; or (d) whether the event occurs suddenly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:

- a. **Ordinance or Law**, meaning enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure.
- b. **Earth Movement**, meaning the sinking, rising, shifting, expanding or contracting of earth, all whether combined with water or not. Earth movement includes but is not limited to earthquake, landslide, mudflow, mudslide, sinkhole, subsidence, erosion or movement resulting from improper compaction, site selection or any other external forces. Earth movement also includes volcanic explosion or lava flow, except as specifically provided in **SECTION I - ADDITIONAL COVERAGES, Volcanic Action**.

However, we do insure for any direct loss by fire resulting from earth movement, provided the resulting fire loss is itself a Loss Insured.

- c. **Water Damage**, meaning:

- (1) flood, surface water, waves, tidal water, tsunami, seiche, overflow of a body of water, or spray from any of these, all whether driven by wind or not;
- (2) water or sewage from outside the **residence premises** plumbing system that enters through sewers or drains, or water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove

subsurface water which is drained from the foundation area; or

- (3) water below the surface of the ground, including water which exerts pressure on, or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.

However, we do insure for any direct loss by fire, explosion or theft resulting from water damage, provided the resulting loss is itself a Loss Insured.

- d. **Neglect**, meaning neglect of the insured to use all reasonable means to save and preserve property at and after the time of a loss, or when property is endangered.

- e. **War**, including any undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.

- f. **Nuclear Hazard**, meaning any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these. Loss caused by the nuclear hazard shall not be considered loss caused by fire, explosion or smoke.

However, we do insure for any direct loss by fire resulting from the nuclear hazard, provided the resulting fire loss is itself a Loss Insured.

3. We do not insure under any coverage for any loss consisting of one or more of the items below. Further, we do not insure for loss described in paragraphs 1. and 2. immediately above regardless of whether one or more of the following: (a) directly or indirectly cause, contribute to or aggravate the loss; or (b) occur before, at the same time, or after the loss or any other cause of the loss:

- a. conduct, act, failure to act, or decision of any person, group, organization or governmental body whether intentional, wrongful, negligent, or without fault;

- b. defect, weakness, inadequacy, fault or unsoundness in:
 - (1) planning, zoning, development, surveying, siting;
 - (2) design, specifications, workmanship, construction, grading, compaction;
 - (3) materials used in construction or repair; or
 - (4) maintenance;

SECTION I - LOSS SETTLEMENT

Only the Loss Settlement provisions shown in the **Declarations** apply. We will settle covered property losses according to the following.

COVERAGE A - DWELLING

1. A1 - Replacement Cost Loss Settlement - Similar Construction.

- a. We will pay the cost to repair or replace with similar construction and for the same use on the premises shown in the **Declarations**, the damaged part of the property covered under **SECTION I - COVERAGES, COVERAGE A - DWELLING**, except for wood fences, subject to the following:
 - (1) until actual repair or replacement is completed, we will pay only the actual cash value at the time of the loss of the damaged part of the property, up to the applicable limit of liability shown in the **Declarations**, not to exceed the cost to repair or replace the damaged part of the property;
 - (2) when the repair or replacement is actually completed, we will pay the covered additional amount you actually and necessarily spend to repair or replace the damaged part of the property, or an amount up to the applicable limit of liability shown in the **Declarations**, whichever is less;
 - (3) to receive any additional payments on a replacement cost basis, you must complete the actual repair or replacement of the damaged part of the property within two years after the date of loss, and notify us within 30 days after the work has been completed; and

of any property (including land, structures, or improvements of any kind) whether on or off the residence premises; or

- c. weather conditions.

However, we do insure for any resulting loss from items a., b. and c. unless the resulting loss is itself a Loss Not Insured by this Section.

replace the described item

- (3) when the repair is completed as described in the **Declarations** necessary to repair the damaged part of the property, which

- (4) to receive actual cost to repair or replace property with and notify us when the repair has been completed

- (5) we will not pay for enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure, except as provided under **OPTION OL - Building Ordinance or Law Coverage**.

- b. Wood Fences: We will pay the actual cash value at the time of loss for loss or damage to wood fences, not to exceed the limit of liability shown in the **Declarations** for **COVERAGE A - DWELLING EXTENSION**.

2. A2 - Replacement Cost Loss Settlement - Common Construction.

- a. We will pay the cost to repair or replace with common construction and for the same use on the premises shown in the **Declarations**, the damaged part of the property covered under **SECTION I - COVERAGES, COVERAGE A - DWELLING**, except for wood fences, subject to the following:

- (1) we will pay only for repair or replacement of the damaged part of the property with common construction techniques and materials commonly used by the building trades in standard new construction. We will not pay the cost to repair or replace obsolete, antique or custom construction with like kind and quality;

- (2) until actual repair or replacement is completed, we will pay only the actual cash value at the time of the loss of the damaged part of the property, up to the applicable limit of liability shown in the **Declarations**, not to exceed the cost to repair or

COVERAGE B - PERSONAL PROPERTY

1. B1 - Limited Replacement

- a. We will pay the cost to repair or replace with common construction and for the same use on the premises shown in the **Declarations**, the damaged part of the property covered under **SECTION B - PERSONAL PROPERTY**, subject to the following:

- (1) until repair or replacement is completed, we will pay only the actual cash value at the time of the loss of the damaged part of the property, up to the applicable limit of liability shown in the **Declarations**, not to exceed the cost to repair or

- (2) after repair or replacement is completed, we will pay the difference between the cost to repair or

cluding land, structures, or improvements) whether on or off the premises;

or any resulting loss from items resulting in a loss. This is itself a Loss Not

increased costs resulting from enforcement of any ordinance or law regulating repair or demolition of a building, except as provided under **OPTION OL - BUILDING ORDINANCE OR LAW COVERAGE**.

We will pay the actual cash value at time of loss or damage to wood fences, not to exceed the limit of liability shown in the **DECLARATION FOR COVERAGE A - DWELLING EXTENSION**.

Loss Settlement.

We will repair or replace with common materials used in the same use on the premises, the damaged part of the property. This is not included in **SECTION I - COVERAGES, COVERAGE B - DWELLING**, except for wood fences following:

We will repair or replace of the property with common materials commonly used in the trades in standard new condition. We will not pay the cost to repair or replace antique or custom construction quality.

We will repair or replace is completed, the actual cash value at the time of loss or damage part of the property, not to exceed the limit of liability shown in the **DECLARATION FOR COVERAGE A - DWELLING EXTENSION**.

replace the damaged part of the property as described in a.(1) above;

- (3) when the repair or replacement is actually completed as described in a.(1) above, we will pay the covered additional amount you actually and necessarily spend to repair or replace the damaged part of the property, or an amount up to the applicable limit of liability shown in the **Declarations**, whichever is less;
- (4) to receive any additional payments on a replacement cost basis; you must complete the actual repair or replacement of the damaged part of the property within two years after the date of loss, and notify us within 30 days after the work has been completed; and
- (5) we will not pay for increased costs resulting from enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure, except as provided under **OPTION OL - BUILDING ORDINANCE OR LAW COVERAGE**.

- b. **Wood Fences:** We will pay the actual cash value at the time of loss for loss or damage to wood fences, not to exceed the limit of liability shown in the **Declarations** for **COVERAGE A - DWELLING EXTENSION**.

COVERAGE B - PERSONAL PROPERTY

1. B1 - Limited Replacement Cost Loss Settlement.

- a. We will pay the cost to repair or replace property covered under **SECTION I - COVERAGES, COVERAGE B - PERSONAL PROPERTY**, except for property listed in item b. below, subject to the following:
 - (1) until repair or replacement is completed, we will pay only the cost to repair or replace less depreciation;
 - (2) after repair or replacement is completed, we will pay the difference between the cost to repair or replace less depreciation and the cost you have

actually and necessarily spent to repair or replace the property; and

- (3) if property is not repaired or replaced within two years after the date of loss, we will pay only the cost to repair or replace less depreciation.

- b. We will pay market value at the time of loss for:

- (1) antiques, fine arts, paintings, statuary and similar articles which by their inherent nature cannot be replaced with new articles;
- (2) articles whose age or history contribute substantially to their value including, but not limited to, memorabilia, souvenirs and collectors items; and
- (3) property not useful for its intended purpose.

However, we will not pay an amount exceeding the smallest of the following for items a. and b. above:

- (1) our cost to replace at the time of loss;
- (2) the full cost of repair;
- (3) any special limit of liability described in the policy; or
- (4) any applicable **COVERAGE B** limit of liability.

2. B2 - Depreciated Loss Settlement.

- a. We will pay the cost to repair or replace less depreciation at the time of loss for property covered under **SECTION I - COVERAGES, COVERAGE B - PERSONAL PROPERTY**, except for property listed in item b. below.
- b. We will pay market value at the time of loss for:
 - (1) antiques, fine arts, paintings, statuary and similar articles which by their inherent nature cannot be replaced with new articles;
 - (2) articles whose age or history contribute substantially to their value including, but not limited to, memorabilia, souvenirs and collectors items; and
 - (3) property not useful for its intended purpose.

However, we will not pay an amount exceeding the smallest of the following for items a. and b. above:

- (1) our cost to replace at the time of loss;
- (2) the full cost of repair;

SECTION I - CONDITIONS

1. Insurable Interest and Limit of Liability. Even if more than one person has an insurable interest in the property covered, we shall not be liable:

- a. to the insured for an amount greater than the insured's interest; or
- b. for more than the applicable limit of liability.

2. Your Duties After Loss. After a loss to which this insurance may apply, you shall see that the following duties are performed:

- a. give immediate notice to us or our agent. Also notify the police if the loss is caused by theft. Also notify the credit card company or bank if the loss involves a credit card or bank fund transfer card;
- b. protect the property from further damage or loss, make reasonable and necessary temporary repairs required to protect the property, keep an accurate record of repair expenditures;
- c. prepare an inventory of damaged or stolen personal property. Show in detail the quantity, description, age, replacement cost and amount of loss. Attach to the inventory all bills, receipts and related documents that substantiate the figures in the inventory;
- d. as often as we reasonably require:
 - (1) exhibit the damaged property;
 - (2) provide us with records and documents we request and permit us to make copies;
 - (3) submit to and subscribe, while not in the presence of any other insured:
 - (a) statements; and
 - (b) examinations under oath; and

- (3) any special limit of liability described in the policy; or
- (4) any applicable Coverage B limit of liability.

(4) produce employees, members of the insured's household or others for examination under oath to the extent it is within the insured's power to do so; and

e. submit to us, within 60 days after the loss, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:

- (1) the time and cause of loss;
- (2) interest of the insured and all others in the property involved and all encumbrances on the property;
- (3) other insurance which may cover the loss;
- (4) changes in title or occupancy of the property during the term of this policy;
- (5) specifications of any damaged building and detailed estimates for repair of the damage;
- (6) an inventory of damaged or stolen personal property described in 2.c.;
- (7) receipts for additional living expenses incurred and records supporting the fair rental value loss; and
- (8) evidence or affidavit supporting a claim under the Credit Card, Bank Fund Transfer Card, Forgery and Counterfeit Money coverage, stating the amount and cause of loss.

3. Loss to a Pair or Set. In case of loss to a pair or set, we may elect to:

- a. repair or replace any part to restore the pair or set to its value before the loss; or
- b. pay the difference between the depreciated value of the property before and after the loss.

4. Appraisal. If you loss, either one or be set by appraisal appraisal, each identity within 20 The two appraisers shall then set the amount a written report of upon shall be the amount to agree within a reasonable time. Each appraiser shall be compensated by the other us.

5. Other Insurance. If other insurance is covered by other in the loss. Our share of the applicable limit of insurance coverage.

6. Suit Against Us. No suit against us has been filed. Any action must be started within one year of the loss or damage.

7. Our Option. We may elect to repair property damaged by loss or damage we pay for.

8. Loss Payment. We will pay you unless someone else is legally entitled to payment 60 days after the loss.

- a. reach agreement
- b. there is an entry
- c. there is a filing of

9. Abandonment of Property. If property abandoned by us

liability described in the policy;

Coverage B limit of liability.

ees, members of the insured's
ers for examination under oath
within the Insured's power to

60 days after the loss, your
of loss which sets forth, to the
ge and belief:

se of loss;

ured and all others in the prop-
all encumbrances on the prop-

which may cover the loss;

or occupancy of the property
f this policy;

any damaged building and de-
or repair of the damage;

amaged or stolen personal prop-
2.c.;

ional living expenses incurred
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it supporting a claim under the
k Fund Transfer Card, Forgery
Money coverage, stating the
e of loss.

case of loss to a pair or set, we

part to restore the pair or set to
ss; or

tween the depreciated value of
nd after the loss.

4. **Appraisal.** If you and we fail to agree on the amount of loss, either one can demand that the amount of the loss be set by appraisal. If either makes a written demand for appraisal, each shall select a competent, disinterested appraiser. Each shall notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers shall then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the state where the residence premises is located to select an umpire. The appraisers shall then set the amount of the loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon shall be the amount of the loss. If the appraisers fail to agree within a reasonable time, they shall submit their differences to the umpire. Written agreement signed by any two of these three shall set the amount of the loss. Each appraiser shall be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire shall be paid equally by you and us.

5. **Other Insurance.** If a loss covered by this policy is also covered by other insurance, we will pay only our share of the loss. Our share is the proportion of the loss that the applicable limit under this policy bears to the total amount of insurance covering the loss.

6. **Suit Against Us.** No action shall be brought unless there has been compliance with the policy provisions. The action must be started within one year after the date of loss or damage.

7. **Our Option.** We may repair or replace any part of the property damaged or stolen with similar property. Any property we pay for or replace becomes our property.

8. **Loss Payment.** We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

- a. reach agreement with you;
- b. there is an entry of a final judgment; or
- c. there is a filing of an appraisal award with us.

9. **Abandonment of Property.** We need not accept any property abandoned by an insured.

10. **Mortgage Clause.** The word "mortgagee" includes trustee.

a. If a mortgagee is named in this policy, any loss payable under Coverage A shall be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment shall be the same as the order of precedence of the mortgages.

b. If we deny your claim, that denial shall not apply to a valid claim of the mortgagee, if the mortgagee:

- (1) notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
- (2) pays on demand any premium due under this policy, if you have not paid the premium; and
- (3) submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.

c. If this policy is cancelled by us, the mortgagee shall be notified at least 10 days before the date cancellation takes effect. Proof of mailing shall be proof of notice.

d. If we pay the mortgagee for any loss and deny payment to you:

- (1) we are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
- (2) at our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we shall receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

e. Subrogation shall not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

11. **No Benefit to Bailee.** We will not recognize an assignment or grant coverage for the benefit of a person or organization holding, storing or transporting property for

a fee. This applies regardless of any other provision of this policy.

12. **Intentional Acts.** If you or any person insured under this policy causes or procures a loss to property covered

under this policy for the purpose of obtaining insurance benefits, then this policy is void and we will not pay you or any other insured for this loss.

(3) \$500 in any or
c. We will not pay for
(1) if insurance is
(2) caused intentionally
years of age or
(3) to property, off
by or rented to
sured, or a res

SECTION II - LIABILITY COVERAGES

COVERAGE L - PERSONAL LIABILITY

If a claim is made or a suit is brought against an insured for damages because of **bodily injury or property damage** to which this coverage applies, caused by an occurrence, we will:

1. pay up to our limit of liability for the damages for which the insured is legally liable; and
2. provide a defense at our expense by counsel of our choice. We may make any investigation and settle any claim or suit that we decide is appropriate. Our obligation to defend any claim or suit ends when the amount we pay for damages, to effect settlement or satisfy a judgment resulting from the occurrence, equals our limit of liability.

COVERAGE M - MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses incurred or medically ascertained within three years from the date of an accident causing **bodily injury**. Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage applies only:

1. to a person on the insured location with the permission of an insured;
2. to a person off the insured location, if the bodily injury:
 - a. arises out of a condition on the insured location or the ways immediately adjoining;
 - b. is caused by the activities of an insured;
 - c. is caused by a **residence employee** in the course of the **residence employee's** employment by an insured; or
 - d. is caused by an animal owned by or in the care of an insured; or
3. to a **residence employee** if the occurrence causing **bodily injury** occurs off the insured location and arises

out of or in the course of the **residence employee's** employment by an insured.

SECTION II - ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

1. **Claim Expenses.** We pay:
 - a. expenses we incur and costs taxed against an insured in suits we defend;
 - b. premiums on bonds required in suits we defend, but not for bond amounts greater than the Coverage L limit. We are not obligated to apply for or furnish any bond;
 - c. reasonable expenses an insured incurs at our request. This includes actual loss of earnings (but not loss of other income) up to \$100 per day for aiding us in the investigation or defense of claims or suits;
 - d. prejudgment interest awarded against the insured on that part of the judgment we pay; and
 - e. interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.
2. **First Aid Expenses.** We will pay expenses for first aid to others incurred by an insured for **bodily injury** covered under this policy. We will not pay for first aid to you or any other insured.
3. **Damage to Property of Others.**
 - a. We will pay for **property damage** to property of others caused by an insured.
 - b. We will not pay more than the smallest of the following amounts:
 - (1) replacement cost at the time of loss;
 - (2) full cost of repair; or

purpose of obtaining insurance is void and we will not pay you this loss.

of the residence employee's ed.

COVERAGES

dition to the limits of liability:

ly:

and costs taxed against an in- end;

required in suits we defend, but is greater than the Coverage L rated to apply for or furnish any

an insured incurs at our re- actual loss of earnings (but not up to \$100 per day for aiding us defense of claims or suits;

awarded against the insured judgment we pay; and

judgment which accrues after and before we pay or tender, at part of the judgment which limit of liability that applies.

will pay expenses for first aid to covered for bodily injury covered not pay for first aid to you or any

thers.

erty damage to property of insured.

in the smallest of the following

at the time of loss;

r

- (3) \$500 in any one occurrence.
- c. We will not pay for **property damage**:
 - (1) if insurance is otherwise provided in this policy;
 - (2) caused intentionally by an insured who is 13 years of age or older;
 - (3) to property, other than a rented golf cart, owned by or rented to an insured; a tenant of an insured, or a resident in your household; or
- (4) arising out of:
 - (a) **business pursuits**;
 - (b) any act or omission in connection with a premises an insured owns, rents or controls, other than the insured location; or
 - (c) the ownership, maintenance, or use of a **motor vehicle**, aircraft, or watercraft, including airboat, air cushion, personal watercraft, sail board or similar type watercraft.

SECTION II - EXCLUSIONS

1. Coverage L and Coverage M do not apply to:
 - a. **bodily injury or property damage**:
 - (1) which is either expected or intended by the insured; or
 - (2) which is the result of willful and malicious acts of the insured;
 - b. **bodily injury or property damage** arising out of business pursuits of any insured or the rental or holding for rental of any part of any premises by any insured. This exclusion does not apply:
 - (1) to activities which are ordinarily incident to non-business pursuits;
 - (2) with respect to Coverage L to the occasional or part-time **business pursuits** of an insured who is under 19 years of age;
 - (3) to the rental or holding for rental of a residence of yours:
 - (a) on an occasional basis for the exclusive use as a residence;
 - (b) in part, unless intended for use as a residence by more than two roomers or boarders; or
 - (c) in part, as an office, school, studio or private garage;
 - (4) when the dwelling on the residence premises is a two, three or four-family dwelling and you oc-

cupy one part and rent or hold for rental the other part; or

(5) to farm land (without buildings), rented or held for rental to others, but not to exceed a total of 500 acres, regardless of the number of locations;

- c. **bodily injury or property damage** arising out of the rendering or failing to render professional services;
- d. **bodily injury or property damage** arising out of any premises currently owned or rented to any insured which is not an **insured location**. This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by an insured;
- e. **bodily injury or property damage** arising out of the ownership, maintenance, use, loading or unloading of:
 - (1) an aircraft;
 - (2) a **motor vehicle** owned or operated by or rented or loaned to any insured; or
 - (3) a watercraft:
 - (a) owned by or rented to any insured if it has inboard or inboard-outdrive motor power of more than 50 horsepower;
 - (b) owned by or rented to any insured if it is a sailing vessel, with or without auxiliary power, 26 feet or more in overall length;

- (c) powered by one or more outboard motors with more than 25 total horsepower owned by any insured;
- (d) designated as an airboat, air cushion, or similar type of craft; or
- (e) owned by any insured which is a personal watercraft using a water jet pump powered by an internal combustion engine as the primary source of propulsion.

This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by an **insured**. Exclusion e.(3) does not apply while the watercraft is on the **residence premises**;

- f. **bodily injury or property damage** arising out of:
 - (1) the entrustment by any insured to any person;
 - (2) the supervision by any insured of any person;
 - (3) any liability statutorily imposed on any insured; or
 - (4) any liability assumed through an unwritten or written agreement by any insured;

with regard to the ownership, maintenance or use of any aircraft, watercraft, or **motor vehicle** which is not covered under Section II of this policy;

- g. **bodily injury or property damage** caused directly or indirectly by war, including undeclared war, or any warlike act including destruction or seizure or use for a military purpose, or any consequence of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental;

- h. **bodily injury** to you or any insured within the meaning of part a. or b. of the definition of **insured**.

This exclusion also applies to any claim made or suit brought against you or any insured to share damages with or repay someone else who may be obligated to pay damages because of the **bodily injury** sustained by you or any insured within the meaning of part a. or b. of the definition of **insured**;

- i. any claim made or suit brought against any insured by:

- (1) any person who is in the care of any insured because of child care services provided by or at the direction of:
 - (a) any insured;
 - (b) any employee of any insured; or
 - (c) any other person actually or apparently acting on behalf of any insured; or
- (2) any person who makes a claim because of **bodily injury** to any person who is in the care of any insured because of child care services provided by or at the direction of:
 - (a) any insured;
 - (b) any employee of any insured; or
 - (c) any other person actually or apparently acting on behalf of any insured.

does not apply to smoke or explosive
d. **bodily injury** to benefits required to be provided by an insured under this non-occupational liability law;
e. **bodily injury** or **property damage** to insured under this nuclear energy liability but for its termination. A nuclear insurance issued by Nuclear Energy Corporation, Mutual Atomic Nuclear Insurance Company and their successors.

This exclusion does not apply to the occasional child care services provided by any insured, or to the part-time child care services provided by any insured who is under 19 years of age;

- j. **bodily injury or property damage** arising out of an insured's participation in, or preparation or practice for any prearranged or organized race, speed or demolition contest, or similar competition involving a motorized land vehicle or motorized watercraft. This exclusion does not apply to a sailing vessel less than 26 feet in overall length with or without auxiliary power.

2. Coverage L does not apply to:

- a. **liability**:
 - (1) for your share of any loss assessment charged against all members of an association of property owners; or
 - (2) assumed under any unwritten contract or agreement, or by contract or agreement in connection with a **business** of the insured;
- b. **property damage** to property currently owned by any insured;
- c. **property damage** to property rented to, occupied or used by or in the care of any insured. This exclusion

1. Limit of Liability. The Declarations. This is or occurrence regardless of claims made or persons

The Coverage M limit is our limit for all medical expenses for one person as the result

2. Severability of Insurance. This applies separately to each insured. Your limit of liability for any one insured

3. Duties After Loss. In case of a loss, the insured shall perform the following duties. You shall cooperate with the insured in the performance of these duties:

- a. give written notice to the insured as soon as practicable, which shall include:
 - (1) the identity of the insured;
 - (2) reasonably available information concerning the place and circumstances of the loss;

in the care of any insured
are services provided by or at

of any insured; or
on actually or apparently act-
if any insured; or
akes a claim because of bodily
ion who is in the care of any
of child care services provided
on of:

of any insured; or
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ny unwritten contract or agree-
ct or agreement in connection
of the insured;

roperty currently owned by any

property rented to, occupied or
of any insured. This exclusion

does not apply to property damage caused by fire,
smoke or explosion;

- d. **bodily injury** to a person eligible to receive any
benefits required to be provided or voluntarily pro-
vided by an insured under a workers' compensation,
non-occupational disability, or occupational disease
law;
- e. **bodily injury or property damage** for which an
insured under this policy is also an insured under a
nuclear energy liability policy or would be an insured
but for its termination upon exhaustion of its limit of
liability. A nuclear energy liability policy is a policy
issued by Nuclear Energy Liability Insurance Association,
Mutual Atomic Energy Liability Underwriters,
Nuclear Insurance Association of Canada, or any of
their successors.

3. Coverage M does not apply to **bodily injury**:

- a. to a **residence employee** if it occurs off the insured
location and does not arise out of or in the course of
the **residence employee's** employment by an in-
sured;
- b. to a person eligible to receive any benefits required
to be provided or voluntarily provided under any
workers' compensation, non-occupational disability
or occupational disease law;
- c. from nuclear reaction, radiation or radioactive con-
tamination, all whether controlled or uncontrolled or
however caused, or any consequence of any of
these;
- d. to a person other than a **residence employee** of an
insured, regularly residing on any part of the **insured**
location.

SECTION II - CONDITIONS

1. **Limit of Liability.** The Coverage L limit is shown in the **Declarations**. This is our limit for all damages from each **occurrence** regardless of the number of insureds, claims made or persons injured.

The Coverage M limit is shown in the **Declarations**. This is our limit for all medical expense for **bodily injury** to one person as the result of one accident.

2. **Severability of Insurance.** This insurance applies sepa-
rately to each insured. This condition shall not increase
our limit of liability for any one occurrence.

3. **Duties After Loss.** In case of an accident or **occurrence**,
the insured shall perform the following duties that apply.
You shall cooperate with us in seeing that these duties
are performed:

- a. give written notice to us or our agent as soon as
practicable, which sets forth:
 - (1) the identity of this policy and insured;
 - (2) reasonably available information on the time,
place and circumstances of the accident or **oc-
currence**; and

- (3) names and addresses of any claimants and avail-
able witnesses;
- b. immediately forward to us every notice, demand,
summons or other process relating to the accident or
occurrence;
- c. at our request, assist in:
 - (1) making settlement;
 - (2) the enforcement of any right of contribution or
indemnity against a person or organization who
may be liable to an insured;
 - (3) the conduct of suits and attend hearings and
trials; and
 - (4) securing and giving evidence and obtaining the
attendance of witnesses;
- d. under the coverage - **Damage to Property of Oth-
ers**, exhibit the damaged property if within the in-
sured's control; and
- e. the insured shall not, except at the insured's own
cost, voluntarily make payments, assume obligations
or incur expenses. This does not apply to expense
for first aid to others at the time of the **bodily injury**.

4. **Duties of an Injured Person - Coverage M.** The injured person, or, when appropriate, someone acting on behalf of that person, shall:
 - a. give us written proof of claim, under oath if required, as soon as practicable;
 - b. execute authorization to allow us to obtain copies of medical reports and records; and
 - c. submit to physical examination by a physician selected by us when and as often as we reasonably require.
5. **Payment of Claim - Coverage M.** Payment under this coverage is not an admission of liability by an insured or us.

SECTION I AND SECTION II - CONDITIONS

- 1. Policy Period.** This policy applies only to loss under Section I or bodily injury or property damage under Section II which occurs during the period this policy is in effect.
- 2. Concealment or Fraud.** This policy is void as to you and any other insured, if you or any other insured under this policy has intentionally concealed or misrepresented any material fact or circumstance relating to this insurance, whether before or after a loss.
- 3. Liberalization Clause.** If we adopt any revision which would broaden coverage under this policy without additional premium, within 60 days prior to or during the period this policy is in effect, the broadened coverage will immediately apply to this policy.
- 4. Waiver or Change of Policy Provisions.** A waiver or change of any provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination shall not waive any of our rights.
- 5. Cancellation.**
 - a. You may cancel this policy at any time by notifying us in writing of the date cancellation is to take effect. We may waive the requirement that the notice be in writing by confirming the date and time of cancellation to you in writing.

6. Suit Against Us. No action shall be brought against us unless there has been compliance with the policy provisions.

No one shall have the right to join us as a party to an action against an Insured. Further, no action with respect to Coverage L shall be brought against us until the obligation of the insured has been determined by final judgment or agreement signed by us.

7. Bankruptcy of an Insured. Bankruptcy or insolvency of an insured shall not relieve us of our obligation under this policy.

8. Other Insurance - Coverage L. This insurance is excess over any other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

(b) if the risk ha
policy was i
We may cancel
30 days before

(4) When this policy
one year, we m
versary. We ma
30 days before t

c. When this policy is period from the date date will be refund tion, the return prem such cancellation. 1 than a full pro rata re premium will be pro

d. The return premium notice of cancellation to us. In such cases, able time after the d

6. **Nonrenewal.** We may elect not to renew, a w you, or mailed to you at the **Declarations**. The r at least 30 days before t Proof of mailing shall be

7. Assignment. Assignment unless we give our written

8. Subrogation. An insure loss all rights of recov

Each Optional Policy Provision
Declaration and is subject to
exclusions and conditions of

Option A1 - Additional Insured
extended to include the personal
Declarations as an Addition.
Coverage is with us. Coverage is with

1. Section I - Coverage A; c

ction shall be brought against us for non-compliance with the policy provisions.

right to join us as a party to an action. Further, no action with respect to the policy shall be brought against us until the date has been determined by final judgment signed by us.

red. Bankruptcy or insolvency of us shall relieve us of our obligation under the policy.

Coverage L. This insurance is excess and collectible insurance except specifically to cover as excess over the liability in this policy.

policy only for the reasons stated in the Declarations. We will notify you in writing of the cancellation date. This cancellation notice will be mailed to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing shall be sufficient proof of notice:

If we have not paid the premium, we may cancel the policy by notifying you at least 10 days before the date cancellation takes effect. This provision applies whether the premium is paid by us or our agent or under any finance agreement.

If the policy has been in effect for less than 10 days and we have not received a renewal notice from you, we may cancel the policy by notifying you at least 10 days before the date cancellation takes effect.

If the policy has been in effect for 60 days and it is a renewal with us, we may cancel the policy at any time if it is a renewal with us, or if we have reason to believe that the policy is being used for a purpose other than that stated in the Declarations as an Additional Insured or whose name is on file with us. Coverage is with respect to:

If we have been a material misrepresentations, which, if known to us, would have caused us not to issue this policy; or

(b) if the risk has changed substantially since the policy was issued.

We may cancel this policy by notifying you at least 30 days before the date cancellation takes effect.

(4) When this policy is written for a period longer than one year, we may cancel for any reason at anniversary. We may cancel by notifying you at least 30 days before the date cancellation takes effect.

c. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded. When you request cancellation, the return premium will be based on our rules for such cancellation. The return premium may be less than a full pro rata refund. When we cancel, the return premium will be pro rata.

d. The return premium may not be refunded with the notice of cancellation or when the policy is returned to us. In such cases, we will refund it within a reasonable time after the date cancellation takes effect.

6. **Nonrenewal.** We may elect not to renew this policy. If we elect not to renew, a written notice will be delivered to you, or mailed to you at your mailing address shown in the Declarations. The notice will be mailed or delivered at least 30 days before the expiration date of this policy. Proof of mailing shall be sufficient proof of notice.

7. **Assignment.** Assignment of this policy shall not be valid unless we give our written consent.

8. **Subrogation.** An insured may waive in writing before a loss all rights of recovery against any person. If not

waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an insured shall:

- a. sign and deliver all related papers;
- b. cooperate with us in a reasonable manner; and
- c. do nothing after a loss to prejudice such rights.

Subrogation does not apply under Section II to Medical Payments to Others or Damage to Property of Others.

9. **Death.** If any person shown in the Declarations or the spouse, if a resident of the same household, dies:

a. we insure the legal representative of the deceased. This condition applies only with respect to the premises and property of the deceased covered under this policy at the time of death;

b. **insured** includes:

(1) any member of your household who is an insured at the time of your death, but only while a resident of the residence premises; and

(2) with respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

10. **Conformity to State Law.** When a policy provision is in conflict with the applicable law of the State in which this policy is issued, the law of the State will apply.

OPTIONAL POLICY PROVISIONS

Each Optional Policy Provision applies only as shown in the Declarations and is subject to all the terms, provisions, exclusions and conditions of this policy.

Option AI - Additional Insured. The definition of insured is extended to include the person or organization shown in the Declarations as an Additional Insured or whose name is on file with us. Coverage is with respect to:

1. Section I - Coverage A; or

2. Section II - Coverages L and M but only with respect to the residence premises. This coverage does not apply to bodily injury to an employee arising out of or in the course of the employee's employment by the person or organization.

This option applies only with respect to the location shown in the Declarations.

Option BP - Business Property. The COVERAGE B - PERSONAL PROPERTY, Special Limits of Liability, item b., for property used or intended for use in a business,

including merchandise held as samples or for sale or for delivery after sale, is changed as follows:

The \$1,000 limit is replaced with the amount shown in the **Declarations** for this option.

Option BU - Business Pursuits. SECTION II - EXCLUSIONS, item 1.b. is modified as follows:

1. Section II coverage applies to the **business** pursuits of an **insured** who is a:
 - a. clerical office employee, salesperson, collector, messenger; or
 - b. teacher (except college, university and professional athletic coaches), school principal or school administrator;while acting within the scope of the above listed occupations.
2. However, no coverage is provided:
 - a. for **bodily injury or property damage** arising out of a **business** owned or financially controlled by the **insured** or by a partnership of which the **insured** is a partner or member;
 - b. for **bodily injury or property damage** arising out of the rendering of or failure to render professional services of any nature (other than teaching or school administration). This exclusion includes but is not limited to:
 - (1) computer programming, architectural, engineering or industrial design services;
 - (2) medical, surgical, dental or other services or treatment conducive to the health of persons or animals; and
 - (3) beauty or barber services or treatment;
 - c. for **bodily injury** to a fellow employee of the **insured** injured in the course of employment; or
 - d. when the **insured** is a member of the faculty or teaching staff of a school or college:
 - (1) for **bodily injury or property damage** arising out of the maintenance, use, loading or unloading of:

- (a) draft or saddle animals, including vehicles for use with them; or
- (b) aircraft, **motor vehicles**, recreational motor vehicles or watercraft, airboats, air cushions or personal watercraft which use a water jet pump powered by an internal combustion engine as the primary source of propulsion;

owned or operated, or hired by or for the **insured** or employer of the **insured** or used by the **insured** for the purpose of instruction in the use thereof; or

- (2) under Coverage M for **bodily injury** to a pupil arising out of corporal punishment administered by or at the direction of the **insured**.

Option FA - Firearms. Firearms are insured for accidental direct physical loss or damage.

The limits for this option are shown in the **Declarations**. The first amount is the limit for any one article; the second amount is the aggregate limit for each loss.

The following additional provisions apply:

1. we do not insure for any loss to the property described in this option either consisting of, or directly and immediately caused by, one or more of the following:
 - a. mechanical breakdown, wear and tear, gradual deterioration;
 - b. insects or vermin;
 - c. any process of refinishing, renovating, or repairing;
 - d. dampness of atmosphere or extremes of temperatures;
 - e. inherent defect or faulty manufacture;
 - f. rust, fouling or explosion of firearms;
 - g. breakage, marring, scratching, tearing or denting or damage to conveyances; or
 - h. infidelity of an **insured's** employees or persons to whom the insured property may be entrusted or rented;

2. our limit for loss by the limit shown in the aggregate limit;
3. our limits for loss by **rations** for this opt Coverage B theft lir
4. our limits for loss b items 2. and 3. are

Option HC - Home Co SONAL PROPERTY, S electronic data processing or storage media us to be the amount show

Option ID - Increased I to damaged building : **AGE A - DWELLING a** **SETTLEMENT** provisio

If the amount you actual replace damaged buildi limit of liability shown ir additional amounts not l

1. the Option ID limit o to repair or replace l
2. 10% of the Option II building structures DWELLING, Dwelling

Report Increased Value of the start of any new l more; or any additions to which increase their val any additional premium not pay more than the ap **Declarations**, if you fail within 90 days.

Option IO - Incidental B this option applies only pancy on file with us.

1. **COVERAGE A - DW** 2.b. is deleted.
2. **COVERAGE B - PE** to include equipment

e animals, including vehicles with them; or

or vehicles, recreational or watercraft, airboats, air personal watercraft which jet pump powered by an outboard engine as the primary propulsion;

and, or hired by or for the owner of the insured or used for the purpose of instruction; or

for bodily injury to a pupil or oral punishment administered by direction of the insured.

are insured for accidental

in the Declarations. The first; the second amount

apply:

the property described in or directly and immediately the following:

or and tear, gradual dete-

renovating, or repairing; or extremes of tempera-

nufacture;

firearms;

ing, tearing or denting or accidents to convey-

employees or persons to whom may be entrusted or

2. our limit for loss by any Coverage B peril except theft is the limit shown in the Declarations for Coverage B, plus the aggregate limit;
3. our limits for loss by theft are those shown in the Declarations for this option. These limits apply in lieu of the Coverage B theft limit; and
4. our limits for loss by any covered peril except those in items 2. and 3. are those shown in the Declarations.

Option HC - Home Computer. The **COVERAGE B - PERSONAL PROPERTY, Special Limits of Liability**, item i., for electronic data processing system equipment and the recording or storage media used with that equipment is increased to be the amount shown in the **Declarations** for this option.

Option ID - Increased Dwelling Limit. We will settle losses to damaged building structures covered under **COVERAGE A - DWELLING** according to the **SECTION I - LOSS SETTLEMENT** provision shown in the **Declarations**.

If the amount you actually and necessarily spend to repair or replace damaged building structures exceeds the applicable limit of liability shown in the **Declarations**, we will pay the additional amounts not to exceed:

1. the Option ID limit of liability shown in the **Declarations** to repair or replace the Dwelling; or
2. 10% of the Option ID limit of liability to repair or replace building structures covered under **COVERAGE A - DWELLING, Dwelling Extension**.

Report Increased Values. You must notify us within 90 days of the start of any new building structure costing \$5,000 or more; or any additions to or remodeling of building structures which increase their values by \$5,000 or more. You must pay any additional premium due for the increased value. We will not pay more than the applicable limit of liability shown in the **Declarations**, if you fail to notify us of the increased value within 90 days.

Option IO - Incidental Business. The coverage provided by this option applies only to that incidental **business** occupancy on file with us.

1. **COVERAGE A - DWELLING, Dwelling Extension**, item 2.b. is deleted.
2. **COVERAGE B - PERSONAL PROPERTY** is extended to include equipment, supplies and furnishings usual and

incidental to this **business** occupancy. This Optional Policy Provision does not include electronic data processing system equipment or the recording or storage media used with that equipment or merchandise held as samples or for sale or for delivery after sale.

The Option IO limits are shown in the **Declarations**. The first limit applies to property on the **residence premises**. The second limit applies to property while off the **residence premises**. These limits are in addition to the **COVERAGE B - PERSONAL PROPERTY, Special Limits of Liability** on property used or intended for use in a **business**.

3. Under Section II, the **residence premises** is not considered **business** property because an **insured** occupies a part of it as an **incidental business**.
4. **SECTION II - EXCLUSIONS**, item 1.b. of Coverage L and Coverage M is replaced with the following:

- b. **bodily injury or property damage** arising out of **business** pursuits of an **insured** or the rental or holding for rental of any part of any premises by an **insured**. This exclusion does not apply:
 - (1) to activities which are ordinarily incident to **non-business** pursuits or to **business** pursuits of an **insured** which are necessary or incidental to the use of the **residence premises** as an **incidental business**;
 - (2) with respect to Coverage L to the occasional or part-time **business** pursuits of an **insured** who is under 19 years of age;
 - (3) to the rental or holding for rental of a **residence** of yours:
 - (a) on an occasional basis for exclusive use as a **residence**;
 - (b) in part, unless intended for use as a **residence** by more than two roomers or boarders; or
 - (c) in part, as an **incidental business** or private garage;
 - (4) when the dwelling on the **residence premises** is a two family dwelling and you occupy

one part and rent or hold for rental the other part; or

(5) to farm land (without buildings), rented or held for rental to others, but not to exceed a total of 500 acres, regardless of the number of locations.

5. This insurance does not apply to:

- bodily injury to an employee of an insured arising out of the residence premises as an incidental business other than to a residence employee while engaged in the employee's employment by an insured;
- bodily injury to a pupil arising out of corporal punishment administered by or at the direction of the insured;
- liability arising out of any acts, errors or omissions of an insured, or any other person for whose acts an insured is liable, resulting from the preparation or approval of data, plans, designs, opinions, reports, programs, specifications, supervisory inspections or engineering services in the conduct of an insured's incidental business involving data processing, computer consulting or computer programming; or
- any claim made or suit brought against any insured by:
 - any person who is in the care of any insured because of child care services provided by or at the direction of:
 - any insured;
 - any employee of any insured; or
 - any other person actually or apparently acting on behalf of any insured; or
 - any person who makes a claim because of bodily injury to any person who is in the care of any insured because of child care services provided by or at the direction of:
 - any insured;

(b) any employee of any insured; or

(c) any other person actually or apparently acting on behalf of any insured.

Coverage M does not apply to any person indicated in (1) and (2) above.

This exclusion does not apply to the occasional child care services provided by any insured, or to the part-time child care services provided by any insured who is under 19 years of age.

Option JF - Jewelry and Furs. Jewelry, watches, fur garments and garments trimmed with fur, precious and semi-precious stones, gold other than goldware, silver other than silverware and platinum are insured for accidental direct physical loss or damage.

The limits for this option are shown in the **Declarations**. The first amount is the limit for any one article; the second amount is the aggregate limit for each loss.

The following additional provisions apply:

- we do not insure for any loss to the property described in this option either consisting of, or directly and immediately caused by, one or more of the following:
 - mechanical breakdown, wear and tear, gradual deterioration;
 - insects or vermin;
 - inherent vice; or
 - seizure or destruction under quarantine or customs regulations;
- our limit for loss by any Coverage B peril except theft is the limit shown in the **Declarations** for Coverage B, plus the aggregate limit;
- our limits for loss by theft are those shown in the **Declarations** for this option; and
- our limits for loss by any covered peril except those in items 2. and 3. are those shown in the **Declarations** for this option.

Option OL - Building Ordinance or Law

1. Coverage Provided.

The total limit of insurance under this Option OL is equal to the Option OL limit shown in the **Declarations** at the time of the coverage provisions or the amount of insurance at the time the coverage provisions are made.

2. Damaged Portions of Dwelling

When the dwelling covered by this Option OL is damaged for the increased cost of repairing the damaged portion of the dwelling, the enforcement of the ordinance or law is direct. Insured and the required amount of insurance at the time the loss occurs.

3. Undamaged Portions of Dwelling

When the dwelling covered by this Option OL is damaged, the cost of repairing the undamaged portion of the dwelling is paid for:

- the cost to demolish and repair the damaged portions of the dwelling, if the enforcement of the ordinance or law is direct. Insured and the required amount of insurance at the time the loss occurs;
- loss to the undamaged portions of the dwelling, if the enforcement of the ordinance or law is direct. Insured and the required amount of insurance at the time the loss occurs;
 - the enforcement of the ordinance or law if the enforcement of the ordinance or law is direct. Insured and the required amount of insurance at the time the loss occurs;
 - the enforcement of the ordinance or law if the enforcement of the ordinance or law is direct. Insured and the required amount of insurance at the time the loss occurs;
 - the ordinance or law if the enforcement of the ordinance or law is direct. Insured and the required amount of insurance at the time the loss occurs;

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person actually or apparently act-
half of any insured.

not apply to any person indicated
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e services provided by any insured
ears of age.

Furs. Jewelry, watches, fur gar-
ned with fur, precious and semi-pre-
than goldware, silver other than
are insured for accidental direct

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revisions apply:

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y Coverage B peril except theft is
Declarations for Coverage B, plus

eft are those shown in the Decla-
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ny covered peril except those in
se shown in the Declarations to

Option OL - Building Ordinance or Law.

1. Coverage Provided.

The total limit of insurance provided by this Building
Ordinance or Law provision will not exceed an amount
equal to the Option OL percentage shown in the Decla-
rations of the Coverage A limit shown in the Decla-
rations at the time of the loss, as adjusted by the inflation
coverage provisions of the policy. This is an additional
amount of insurance and applies only to the dwelling.

2. Damaged Portions of Dwelling.

When the dwelling covered under **COVERAGE A -
DWELLING** is damaged by a Loss Insured we will pay
for the increased cost to repair or rebuild the physically
damaged portion of the dwelling caused by the enforce-
ment of a building, zoning or land use ordinance or law if
the enforcement is directly caused by the same Loss
Insured and the requirement is in effect at the time the
Loss Insured occurs.

3. Undamaged Portions of Damaged Dwelling.

When the dwelling covered under **COVERAGE A -
DWELLING** is damaged by a Loss Insured we will also
pay for:

- a. the cost to demolish and clear the site of the undam-
aged portions of the dwelling caused by the enforce-
ment of a building, zoning or land use ordinance or
law if the enforcement is directly caused by the same
Loss Insured and the requirement is in effect at the
time the Loss Insured occurs; and
- b. loss to the undamaged portion of the dwelling caused
by enforcement of any ordinance or law if:
 - (1) the enforcement is directly caused by the same
Loss Insured;
 - (2) the enforcement requires the demolition of por-
tions of the same dwelling not damaged by the
same Loss Insured;
 - (3) the ordinance or law regulates the construction
or repair of the dwelling, or establishes zoning or

land use requirements at the described premises;
and

- (4) the ordinance or law is in force at the time of the
occurrence of the same Loss Insured; or
- c. the legally required changes to the undamaged por-
tion of the dwelling caused by the enforcement of a
building, zoning or land use ordinance or law if the
enforcement is directly caused by the same Loss
Insured and the requirement is in effect at the time
the Loss Insured occurs.

4. Building Ordinance or Law Coverage Limitations.

- a. We will not pay for any increased cost of construction
under this coverage:
 - (1) until the dwelling is actually repaired or replaced
at the same or another premises in the same
general vicinity; and
 - (2) unless the repairs or replacement are made as
soon as reasonably possible after the loss, not to
exceed two years.
- b. We will not pay more for loss to the undamaged
portion of the dwelling caused by the enforcement of
any ordinance or law than:
 - (1) the depreciated value of the undamaged portion
of the dwelling, if the dwelling is not repaired or
replaced;
 - (2) the amount you actually spend to replace the
undamaged portion of the dwelling if the dwelling
is repaired or replaced.
- c. We will not pay more under this coverage than the
amount you actually spend:
 - (1) for the increased cost to repair or rebuild the
dwelling at the same or another premises in the
same general vicinity if relocation is required by
ordinance or law; and
 - (2) to demolish and clear the site of the undamaged
portions of the dwelling caused by enforcement
of building, zoning or land use ordinance or law.

We will never pay for more than a dwelling of the same height, floor area and style on the same or similar premises as the dwelling, subject to the limit provided in paragraph 1. **Coverage Provided** of this option.

Option SG - Silverware and Goldware Theft. The **COVERAGE B - PERSONAL PROPERTY, Special Limits of Liability**, item h., for theft of silverware and goldware is increased to be the amount shown in the **Declarations** for this option.

IN WITNESS WHEREOF, this Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.

Lynne M. Youell Secretary

Edward B. Rutt, Jr. President

The Board of Directors, in accordance with Article VI(c) of this Company's Articles of Incorporation, may from time to time distribute equitably to the holders of the participating policies issued by said Company such sums out of its earnings as in its judgment are proper.



IMPORTANT NOTICE . . . about your policy

FILED

Effective with this renewal, HOMEOWNERS POLICY ENDORSEMENT (Tennessee), FE-3 endorsements FE-5320, FE-5398, FE-5452, FE-5480, FE-5821, FE-5801, FE-7242, 12 and Homeowners booklet, FP-7955KT.

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Some of these changes reduce, eliminate or broaden coverage. Other changes, although to change coverage, could potentially reduce or eliminate coverage depending on how interpreted. In that regard, they should be viewed as either an actual or a potential reduction in coverage.

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CATHERINE SHANKS, CLERK

This Notice provides a brief description of some of the changes. We encourage you to review the endorsement and note the following changes:

REDUCTIONS IN COVERAGE OR LIMITS

- The Special Limits of Liability under Coverage B – Personal Property, has changed so the \$5000 limit now applies to mobile personal communication equipment, global positioning systems, mobile personal electronic devices used for reproduction of standard media or non-media equipment used with any of these devices.
- There is no coverage under Coverage B – Personal Property, Property Not Covered for:
 - Videos or other media that may be used with equipment permanently attached to motorized land conveyances.
 - Data, sound or video that cannot be replaced with like kind and quality on the retail market transferred onto mobile communication equipment, global positioning systems or electronic devices used for the reproduction of video or sound.
 - Outdoor hardscape property used for aesthetic purposes, except as provided in Sectional Coverages, item 3.
- Language is added to Coverage C – Loss of Use, Prohibited Use, to state when physically a covered cause of loss occurs to property other than covered property located on the premises, we will pay the Additional Living Expense and Fair Rental Value, for a continuous period not to exceed two weeks. Coverage applies when access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage and the residence is within the area, but not more than one mile from where the damaged property is located.
- Language is added to Section II – Additional Coverages, Claim Expenses to state that we will provide a defense against a suit, we will pay the costs taxed against you; however, such costs will not include attorney fees.
- Language is added to Section II – Conditions, Limit of Liability to state the coverage limit of \$10,000. Declarations applies to the policy period during which the injury or damage first occurs. Additional coverage or limits will be available for the occurrence under any additional policy as long as the policy remains in force.

POTENTIAL REDUCTIONS IN COVERAGE

- Language is added to the definition of "occurrence" to state that an accident must first result in bodily injury or property damage during the policy period. All bodily injury and property damage from one accident, series of related accidents or from continuous and repeated exposure to the same general conditions is considered to be one occurrence.
- Lawns and artificial grass have been added to Coverage A, Property Not Covered, item 3. Limited coverage is available under Section I – Additional Coverages, item 3.
- There is no coverage under Coverage B – Personal Property, Property Not Covered for:
 - Books or records of accounts receivable, abstracts or other journals, architectural drawings, card index systems or other records.
 - Contraband, or any property used in the course of illegal consumption, possession, importation or trade.

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CONTINUED

EXHIBIT

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Section I – Additional Coverage, Collapse, is revised to state coverage for collapse of a building caused by decay, deterioration, insect damage or vermin damage that is hidden from view is excluded. Hidden damage is known to an insured prior to the collapse.

age is added to Section I – Losses Not Insured to state there is no coverage for loss caused by surface water, waves (including tidal wave, tsunami, and seiche), tides, tidal water, overflow of body of water, or spray, or surge from any of these, all whether driven by wind or not. There is no coverage for material carried or otherwise moved by any water described in the water exclusion.

Section II – Additional Coverages, Claim Expenses is changed to state we will pay pre-judgment interest when owed by law, but only on the lesser of that part of the damages we pay or the policy's coverage L limit.

age is added to Option OL – Building Ordinance or Law to state we will not pay for legally required changes to specific dwelling features, systems or components that have not been physically damaged by the Loss Insured.

BROADENINGS OR ADDITIONS OF COVERAGE

coverage is extended to include commercially manufactured 2, 3 or 4 wheeled personal conveyances powered by an unmodified motor of no more than 1 horsepower and capable of a top speed of no more than 20 miles per hour.

Special Limits of Liability under Coverage B – Personal Property, has changed as indicated below.

The limit for property used or intended to be used for business has increased to \$1,500. The limit for property away from the residence premises has increased to \$750.

The limit on watercraft, outboard motors, including their trailers, furnishings and equipment has increased to \$1,500.

The limit on trailers not used with watercraft has increased to \$1,500.

United property coverage up to \$500 is added for certain low-powered commercially manufactured personal conveyances.

age in Section I – Additional Coverages, Trees, Shrubs and Landscaping is added to cover live and artificial plants, artificial grass and hardscape property used for aesthetic purposes not permanently attached to the realty. The coverage limit for any one outdoor tree, shrub, plant or hardscape item increased to \$750.

coverage limit under Section I – Losses Insured, Coverage B – Personal Property, Sudden and General damage to electrical appliances, devices, fixtures and wiring has increased to up to \$1,500 for each damaged item.

Section II – Additional Coverages, Claim Expenses, is revised to state the most we will pay for all reasonable expenses incurred by the insured at our request, including loss of earnings, is \$200 per hour.

OTHER CHANGES

Coverage B – Personal Property, Special Limits of Liability, gift certificates, gift cards, rechargeable debit cards, and phone cards are specifically listed along with securities, checks, and other negotiable instruments as being subject to a special coverage limit of \$1,000.

age is added to Section I and Section II Conditions, Premium, that describes when the premium is due, the rates the premium is based upon, and the effect this policy may have on other coverages payable from, or other premiums paid to, the State Farm Companies.

Section I and Section II Condition, Change of Policy Address, is added to state we may change the insured's address in the Declarations and our records to the most recent address provided to you or the United States Postal Service.

OPTIONAL POLICY PROVISIONS (if shown in the Declarations):

Section BP – Business Property – The coverage limit purchased with this optional provision now places the \$1,500 limit in the policy rather than the previous \$1,000 limit.

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- o Option HC – Home Computer – The coverage limit purchased now applies to mobile communication equipment, global positioning systems, and mobile personal electronic addition to electronic data processing system equipment.

Please read endorsement **FE-3530** carefully and keep it with your policy. If you have any questions, please contact your State Farm® agent.

This message is provided for informational purposes only, and it does not change, modify any of the provisions, terms or conditions of your policy, or any other applicable endorsement.



FE-3530 HOMEOWNERS POLICY ENDORSEMENT (Tennessee)

DEFINITIONS

Definitions 6. and 7. are replaced by the following:

6. "motor vehicle", when used in Section II of this policy, means:
 - a. a land motor vehicle designed for travel on public roads or subject to motor vehicle registration;
 - b. a trailer or semi-trailer designed for travel on public roads and subject to motor vehicle registration;
 - c. a "recreational vehicle" while off an insured location. "Recreational vehicle" means a motorized vehicle designed for recreation principally off public roads that is owned or leased by an insured. This includes, but is not limited to, a motorized all terrain vehicle, amphibious vehicle, dune buggy, go-cart, golf cart, snowmobile, trailbike, minibike and personal assistive mobility device. "Leased" does not include temporary rental;
 - d. a "locomotive" while off an insured location. "Locomotive" means a self-propelled vehicle for pulling or pushing freight or passenger cars on tracks that is large enough to carry a person and is owned or leased by an insured. "Leased" does not include temporary rental;
 - e. a bulldozer, track loader, backhoe, high-hoe, trencher, grader, crane, self-propelled scraper, excavator, pipe-layer, cherry picker, telehandler, logging vehicle, mining vehicle or road building vehicle that is owned or leased by an insured while off an insured location. "Leased" does not include temporary rental; and
 - f. any vehicle while being towed or pushed by or carried on a vehicle included in a., b., c., d. or e.
7. "occurrence", when used in Section II of this policy, means an accident, including expectations, which first results in:
 - a. bodily injury; or
 - b. property damage;

during the policy period. All bodily injury and property damage resulting from one or more series of related accidents or from one or more repeated exposure to the same general condition or situation, considered to be one occurrence.

Definitions 11. and 12. are added:

11. "fungus" means any type or form of living mold, mildew, mycotoxins, spores or other products produced or released by fungi.
12. "State Farm Companies" means the following:
 - a. State Farm Mutual Automobile Insurance Company;
 - b. State Farm Fire and Casualty Company;
 - c. subsidiaries or affiliates of either of the above.

SECTION I – COVERAGES

COVERAGE A – DWELLING

Item 2., Dwelling Extension, is replaced by the following:

elling Extension. We cover other structures on residence premises, separated from the dwelling by clear space. Structures connected to the dwelling by only a fence, utility line, or similar connection are considered to be other structures.

do not cover other structures:

not permanently attached to or otherwise forming a part of the realty;

used in whole or in part for **business** purposes unless such use consists solely of use of office space for paperwork, computer work or use of a telephone, and consists solely of activities that are:

(1) duties of the insured's employment by another; and

(2) performed solely by the insured; or

rented or held for rental to a person not a tenant of the dwelling, unless used solely as a private garage.

ig item is added to item 3. Property Not Cov-

ms or artificial grass, except as provided in **CTION I - ADDITIONAL COVERAGES.**

E B - PERSONAL PROPERTY

nts of Liability is replaced by the following:

I Limits of Liability. These limits do not increase coverage B limit. The special limit for each of the categories is the total limit for each loss for all in that category:

\$10 on money, coins and medals, including any of that are a part of a collection, and bank notes;

\$500 on property used or intended for use in a business, including merchandise held as samples for sale or for delivery after sale, while on the residence premises. This coverage is limited to \$50 on such property away from the residence premises.

Electronic data processing system equipment or the recording or storage media used with that equipment is not included under this coverage;

\$1,000 on securities, checks, cashiers checks, travelers checks, money orders, gift certificates, gift cards, rechargeable debit cards, phone cards and other negotiable instruments, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports and tickets;

\$500 on watercraft of all types and outboard motors, including their trailers, furnishings and equipment;

- e. \$1,500 on trailers not used with watercraft;
- f. \$2,500 on stamps, trading cards and comic books, including any of these that are a part of a collection;
- g. \$2,500 for loss by theft of firearms;
- h. \$2,500 for loss by theft of silverware and goldware;
- i. \$5,000 on electronic data processing system equipment, including but not limited to mobile personal communication equipment, global positioning systems, mobile personal electronic devices used for the reproduction of sound, and standard media or non-media equipment for use with the above devices;
- j. \$5,000 on any one article and \$10,000 in the aggregate for loss by theft of any rug, carpet (except wall-to-wall carpet), tapestry, wall-hanging or other similar article; and
- k. \$500 on commercially manufactured 2, 3 or 4 wheeled personal conveyances powered only by or assisted by an unmodified motor or engine with a manufacturer's power rating of no more than 1 horsepower and capable of a top speed of no more than 20 miles per hour. This does not include those not licensed for use on public highways which are designed for assisting the handicapped.

Item 2. Property Not Covered, is replaced by the following:

- 2. **Property Not Covered.** We do not cover:
 - a. articles separately described and specifically insured in this or any other insurance;
 - b. animals, birds or fish;
 - c. any engine or motor-propelled vehicle or machine, including the parts, designed for movement on land, except as provided in **Special Limits of Liability**, item k. We do cover those not licensed for use on public highways which are:
 - (1) used solely to service the insured location; or
 - (2) designed for assisting the handicapped;
 - d. devices or instruments for the recording or reproduction of video or sound permanently attached to an engine or motor-propelled vehicle. We do not cover tapes, discs, wires, videos or other media that may be used with these devices or instruments while in the vehicle;
 - e. aircraft and parts;
 - f. property of roomers, boarders, tenants and other residents not related to an insured. We do cover property of roomers, boarders and other residents related to an insured;
 - g. property regularly rented or held for rental to others by an insured. This exclusion does not



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- apply to property of an insured in a sleeping room rented to others by an insured;
- h. property rented or held for rental to others away from the residence premises;
- i. any radio devices or transmitters, global positioning systems, radar or laser detectors, antennas and all other similar equipment permanently attached to an engine or motor-propelled vehicle;
- j. books or records of accounts receivable, abstracts or other journals, architectural or technical drawings, card index systems or other records. This exclusion does not apply to any recording or storage media for electronic data processing. We will cover the cost of blank books, cards or other blank material plus the cost of labor you incur for transcribing or copying such records;
- k. recording or storage media for electronic data processing that cannot be replaced with other of like kind and quality on the current retail market;
- l. purchased or created data, sound or video that cannot be replaced with like kind and quality on the current retail market which is transferred or downloaded onto mobile communication equipment, global positioning systems or electronic devices used for the reproduction of video or sound;
- m. contraband, or any property used in the course of illegal consumption, possession, import, export or trade; or
- n. outdoor hardscape property used for aesthetic purposes except as provided in SECTION I - ADDITIONAL COVERAGES.

COVERAGE C - LOSS OF USE

Item 3., Prohibited Use, is replaced by the following:

- 3. **Prohibited Use.** We cover Additional Living Expense and Fair Rental Value, for a continuous period not to exceed two weeks, beginning when a civil authority issues an order of evacuation or prohibits your use of the residence premises, provided that:
 - a. direct physical damage occurs to any property, other than covered property located on the residence premises, arising from a cause of loss that would be a Loss Insured under this policy if the damage had occurred to property on the residence premises;
 - b. the residence premises is within one mile of property damaged by a cause of loss identified in 3.a. above; and

- c. the action of the civil authority response to:
 - (1) dangerous physical conc from the continuation of th identified in 3.a. above;
 - (2) dangerous physical conc from the damage caused l loss identified in 3.a. above
 - (3) the need to gain free acc damaged by the cause of l 3.a. above.

We do not cover loss or expense c
tion of a lease or agreement.

SECTION I - ADDITIONAL COVERAGES

Items 1., 3. and 11. are replaced by the following:

- 1. **Debris Removal.** We will pay the expenses you incur in the removal of damaged property damaged by a Loss Insured is included in the limit applying to the property. The following coverages and limits apply:
 - a. When the amount payable for damage plus the debris removal limit for damaged property, an amount that limit is available for debris removal. This additional amount does not apply to Additional Coverage A - Trees, Shrubs and Landscaping.
 - b. We will also pay up to \$500 in for each loss to cover the reason you incur in the removal of tree on the residence premises, unless excluded. This coverage applies v
 - (1) the tree has caused a loss to Coverage A property; or
 - (2) the tree debris felled by wind or weight of snow or ice blocks:
 - (a) the driveway, on the residence premises, and prevents lane access to or from the dwelling.
 - (b) a ramp designed to access a capped, on the residence premises, and prevents access to the dwelling.
- 3. **Trees, Shrubs and Landscaping.** We cover:
 - a. trees, shrubs, live or artificial plants;
 - b. artificial grass; and
 - c. hardscape property used for aesthetic purposes not permanently affixed to realty;

the residence premises, for direct loss caused by the following: Fire or lightning, Explosion, Riot or civil commotion, Aircraft, Vehicles (not owned or operated by a resident of the residence premises), Vandalsim or malicious mischief or Theft.

The limit for this coverage, including the removal of debris, shall not exceed 5% of the amount shown in Declarations for COVERAGE A – DWELLING. We will not pay more than \$750 for any one outdoor tree, shrub, plant or hardscape item, including debris removal expense. This coverage may increase the limit otherwise applicable. We do not cover property grown for business purposes.

Collapse. We insure only for direct physical loss to covered property involving the sudden, entire collapse of a building or any part of a building.

Collapse means actually fallen down or fallen into pieces. It does not include settling, cracking, shrinking, bulging, expansion, sagging or bowing.

collapse must be directly and immediately caused only by one or more of the following:

perils described in SECTION I – LOSSES INSURED, COVERAGE B – PERSONAL PROPERTY. These perils apply to covered building and personal property for loss insured by this Additional Coverage;

decay, deterioration, insect damage or vermin damage, all that are hidden from view, of a:

- (1) connector; or
- (2) structural member of a building;

unless the presence of such damage is known to an insured prior to collapse;

weight of contents, equipment, animals or people;

weight of ice, snow, sleet or rain which collects on a roof, porch or deck; or

use of defective material or methods in the construction (includes remodeling or renovation) of the building, if the collapse occurs during the course of the construction of the building.

loss to an awning, fence, patio, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf, dock, trellis or antenna or its supporting structure is not included under items b., c., d. and e., unless the loss is the direct and immediate cause of the collapse of the building.

This coverage does not increase the limit applying to the damaged property.

SECTION I – LOSSES INSURED

The following is added to SECTION I – LOSSES INSURED:

We insure for accidental direct physical loss to property described in Coverages A and B caused by sinkhole collapse, meaning sudden settlement or collapse of the earth resulting from subterranean voids created by the action of water on limestone or similar rock formations. We do not insure against loss caused by abandonment of the property covered.

COVERAGE B – PERSONAL PROPERTY

Items 9.b.(3)(c), 12.d., 13.b. and 15. are replaced by the following:

9. b. (3) (c) of securities, checks, cashiers checks, travelers checks, money orders, gift certificates, gift cards, rechargeable debit cards, phone cards and other negotiable instruments, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports and tickets;
12. d. caused by or resulting from continuous or repeated seepage or leakage of water or steam which occurs over a period of time and results in deterioration, corrosion, rust, or wet or dry rot.
13. b. caused by or resulting from continuous or repeated seepage or leakage of water or steam which occurs over a period of time and results in deterioration, corrosion, rust, or wet or dry rot.
15. **Sudden and accidental damage** to electrical appliances, devices, fixtures and wiring from an increase or decrease of artificially generated electrical current. We will pay up to \$1,500 under this peril for each damaged item described above.

SECTION I – LOSSES NOT INSURED

Items 1.i., 2.b. and 2.c. are replaced by the following:

1. i. wet or dry rot;
2. b. **Earth Movement**, meaning the sinking, rising, shifting, expanding or contracting of earth, all whether combined with water or not. Earth movement includes, but is not limited to earthquake, landslide, mudflow, mudslide, subsidence, erosion or movement resulting from improper compaction, site selection or any other external forces. Earth movement also includes volcanic explosion or lava flow, except as specifically provided in SECTION I – ADDITIONAL COVERAGES, Volcanic Action.

However, we do insure for any direct loss by fire resulting from earth movement, provided the resulting fire loss is itself a Loss Insured.



2. c. Water, meaning:

- (1) flood, surface water, waves (including tidal wave, tsunami, and seiche), tides, tidal water, overflow of any body of water, or spray or surge from any of these, all whether driven by wind or not;
- (2) water or sewage from outside the residence premises plumbing system that enters through sewers or drains, or water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water which is drained from the foundation area;
- (3) water below the surface of the ground, including water which exerts pressure on, or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure; or
- (4) material carried or otherwise moved by any of the water, as described in paragraphs (1) through (3) above.

However, we do insure for any direct loss by fire, explosion or theft resulting from water, provided the resulting loss is itself a Loss Insured.

The following item is added:

2. g. Fungus. We also do not cover:

- (1) any loss of use or delay in rebuilding, repairing or replacing covered property, including any associated cost or expense, due to interference at the residence premises or location of the rebuilding, repair or replacement, by fungus;
- (2) any remediation of fungus, including the cost to:
 - (a) remove the fungus from covered property or to repair, restore or replace that property; or
 - (b) tear out and replace any part of the building or other property as needed to gain access to the fungus; or
- (3) the cost of any testing or monitoring of air or property to confirm the type, absence, presence or level of fungus, whether performed prior to, during or after removal, repair, restoration or replacement of covered property.

SECTION II — LIABILITY COVERAGES**SECTION II — ADDITIONAL COVERAGES**

Items 1.a., 1.c. and 1.d. are replaced by the following:

1. **Claim Expenses.** We pay:

- a. expenses we incur and costs to insured in suits we defend, not include attorney fees;
- c. reasonable expenses an insured request. This includes actual (but not loss of other income) day for aiding us in the investigation of claims or suits;
- d. interest the insured is legally damages payable under Coverage L before a judgment, but only the lesser of:
 - (1) that part of the damages we pay;
 - (2) the Coverage L limit; and

SECTION II — CONDITIONS

Item 1., Limit of Liability, is replaced by:

1. **Limit of Liability.** The Coverage L limit is shown in the Declarations. This is the limit for each occurrence for the policy period, regardless of the number of insureds, persons injured. No additional limits be available for the occurrence under policy periods while this policy remains in force.

The Coverage M limit is shown in the Declarations. This is our limit for all medical expenses resulting from an injury to one person as the result of

The following condition is added to item 4. Injured Person — Coverage M:

- d. the injured person, or, when appropriate, acting on behalf of that person, shall:
 - (1) provide us with any required information; and
 - (2) submit to us all information we require, including information with state or federal law.

SECTION I AND SECTION II — CONDITIONS

The following conditions are added:

11. **Premium.**

- a. Unless as otherwise provided by a payment plan in effect with the Companies with respect to this policy, the premium is due in full on or before the first day of the period shown in the most recent Declarations.
- b. The renewal premium for this policy is based upon the rates in effect, carried, the applicable limits, and other elements that affect the premium at the time of renewal.

The premium for this policy may vary based upon:

- (1) the purchase of other products or services from the State Farm Companies;
- (2) the purchase of products or services from an organization that has entered into an agreement or contract with the State Farm Companies. The State Farm Companies do not warrant the merchantability, fitness, or quality of any product or service offered or provided by that organization; or
- (3) an agreement, concerning the insurance provided by this policy, that the State Farm Companies has with an organization of which you are a member, employee, subscriber, licensee, or franchisee.

Your purchase of this policy may allow:

- (1) the premium or price for other insurance products purchased by you from the State Farm Companies to vary; or
- (2) the price for non-insurance products or services purchased by you to vary. Such products or services must be provided by the State Farm Companies or by an organization that has entered into an agreement or contract with the State Farm Companies. The State Farm Companies do not warrant the merchantability, fitness or quality of any product or service offered or provided by that organization.

Right to Inspect. We have the right but are not obliged to perform the following:

make inspections and surveys of the insured location at any time;
provide you with reports on conditions we find; or
recommend changes.

These inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged.

We do not:

make safety inspections;
undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public;
warrant that conditions are safe or healthful; or
warrant that conditions comply with laws, regulations, codes or standards.

This condition applies not only to us but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations on our behalf.

13. **Joint and Individual Interests.** When there are two or more named insureds, each acts for all to cancel or change the policy.
14. **Change of Policy Address.** We may change the named insured's policy address as shown in the Declarations and in our records to the most recent address provided to us by:
 - a. you; or
 - b. the United States Postal Service.

OPTIONAL POLICY PROVISIONS

Option BP – Business Property is replaced by the following:

Option BP – Business Property. The COVERAGE B – PERSONAL PROPERTY, Special Limits of Liability, item b., for property used or intended for use in a business, including merchandise held as samples or for sale or for delivery after sale, is changed as follows:

The \$1,500 limit is replaced with the amount shown in the Declarations for this option.

Option HC – Home Computer is replaced by the following:

Option HC – Home Computer. The COVERAGE B – PERSONAL PROPERTY, Special Limits of Liability, item i., is increased to be the amount shown in the Declarations for this option.

Option OL – Building Ordinance or Law.

Item 3.c. is replaced by the following:

- c. legally required changes to the undamaged portion of the dwelling caused by the enforcement of a building, zoning or land use ordinance or law, if:
 - (1) the enforcement is directly caused by the same Loss Insured;
 - (2) the requirement is in effect at the time the Loss Insured occurs; and
 - (3) the legally required changes are made to the undamaged portions of specific dwelling features, systems or components that have been physically damaged by the Loss Insured.

We will not pay for legally required changes to specific dwelling features, systems or components that have not been physically damaged by the Loss Insured.

All other policy provisions apply.